GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:1262
ANSWERED ON:08.08.2011
INDIA AND WTO
Mitra Shri Somendra Nath

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the reasons for the Government to enter into bilateral trade agreements with various countries when multilateral agreement is going on at the WTO under Doha Round;

(b) the details of the expectations of the Government when the WTO negotiation under Doha Round concludes;

(c) the steps being taken by the Government alongwith the like minded countries to conclude it as early as possible; and

(d) the details of the objections raised by the developed trading partners for taking commitment on which India has reservations particularly under Agreements on Agriculture, NAMA and GATS of the WTO?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JYOTIRADITYA M. SCINDIA)

(a) India has always stood for an open, equitable, predictable, non-discriminatory and rules-based multilateral trade regime. India is a founding member of the General Agreement on Tariffs and Trade (GATT) and the World Trade Organisation (WTO) and believes that such a regime best serves the needs of developing countries. Bilateral, regional and other Free Trade Agreement s (FTAs) can complement but not substitute for a multilateral trading regime. However, multilateral trade negotiations tend to be time-consuming as a large number of member countries are involved. In an era of increasing number of FTAs, India cannot remain isolated from these developments but has to negotiate trade agreements that protect the country's sensitivities as well as promote its exports and investments.

(b) The Doha Round of trade negotiations in the WTO provides a historic opportunity to correct distortions in global trade and to improve and strengthen the rules to enable developing countries to play a greater role in world trade. The conclusion of the Round is expected to lead to, inter alia, a reduction of agricultural subsidies in developed countries; increased and effective market access for the products of interest to India and other developing countries in the developed country markets while using flexibility clauses appropriately to take care of sensitive tariff lines and sectors; a clearer understanding of rules relating to non-tariff barriers in sectors of importance to India and reductions in these barriers; and greater integration of the least developed countries into global trade.

(c) Following the stalemate in the negotiations after a mini-Ministerial meeting in the WTO in July 2008, India sent out a strong signal of support by hosting an informal Ministerial meeting in New Delhi, in September 2009, to re-energise the Round. Negotiations resumed in the WTO soon afterwards. India has been working closely with like-minded countries in the WTO, towards a balanced and development-oriented conclusion of the Doha Round. An important step forward made by India towards fulfilling the mandate of the Round is the implementation of its Duty Free Tariff Preference Scheme in 2008, thereby moving towards allowing Duty Free Quota Free market access to products from Least Developed Countries.

(d) In the agriculture negotiations, some developed countries are seeking carve-outs or exceptions on which India and other developing countries have expressed reservations, for example, they want to retain higher entitlements to provide subsidies on some agricultural products, avoid reducing, simplifying or capping the tariffs on a large number of their sensitive agricultural products etc. In the industrial goods negotiations, several members have made unreasonable demands under the garb of 'higher ambition' and want some prominent developing countries like India, China and Brazil to take commitments of complete duty elimination in specific sectors like electronic products, chemicals and industrial machinery. India has reservations on account of the effect such an approach has on sectors and products which are critical for employment generation and economic growth.

In the negotiations on trade in services under the General Agreement on Trade in Services, India has shown considerable forward movement from its Uruguay Round commitments; however our primary requests have not been addressed by key developed countries. The imbalance between the offers from developing and developed countries in this Round is a fundamental issue of concern. India has stated that developed countries need to provide clear market openings in sectors and modes of export interest to developing countries.